



*Department of State*

**TELEGRAM**

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OF OPINION EXIST ON PROSPECT FOR MUNDT AMENDMENT BEING DEFEATED

PAGE 2 RUEHC 41928 C O N F I D E N T I A L  
OR MODIFIED IN COMMITTEE OR ON FLOOR, MANY OBSERVERS NOT OPTIMISTIC  
THAT IT OR OTHER LEGISLATION OF SIMILAR IMPORT CAN BE AVOIDED  
IN LATE AUGUST LINDER COVERED CONGRESSIONAL SITUATION FULLY  
WITH IMI PRESIDENT SIGLIENTI AND WITH OTHER ITALIAN OFFICIALS  
IN ROME, AS WELL AS WITH ITALIAN AMBASSADOR ORTONA IN WASHINGTON.

2. DEPT PRESENTLY UNABLE ASSESS LIKELIHOOD OF US PRIVATE BANK  
PROVIDING MEDIUM-TERM FINANCING FOR US PRODUCTS DESTINED FOR  
AUTO PLANT. BANKS ARE LIKELY BE INFLUENCED BY A NUMBER OF FACTORS  
INCLUDING (A) KNOWN STRONG CONGRESSIONAL OPPOSITION TO FIAT  
DEAL; (B) ADMINISTRATION'S SUPPORT OF US INDUSTRY PARTICIPATION  
IN TRANSACTION; AND (C) BANKS' RELATIONSHIPS TO ITALIAN PARTIES  
TO TRANSACTION. RECEPTIVENESS OF COMMERCIAL BANKS WOULD ALSO  
DEPEND HEAVILY ON MATURITY, AMOUNTS, AND INTEREST RATE DESIRE.

3. THE BASIC ISSUES WHICH WOULD INFLUENCE CONGRESSIONAL CONSIDERATION  
RE EXPORT LICENSING WOULD PROBABLY EXIST NO MATTER WHAT FORM  
OF FINANCING WAS ULTIMATELY ADOPTED. WE DO NOT THEREFORE BELIEVE  
THAT EFFORTS TO ARRANGE PRIVATE BANK FINANCING WOULD IN THEMSELVES  
TRIGGER CONGRESSIONAL ACTION SUFFICIENT TO BLOCK LICENSING FOR

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FIAT PLANT. THERE HAS BEEN NO CHANGE IN US VIEW THAT MOST IF  
NOT ALL OF THE EQUIPMENT THAT MAY BE SOUGHT FROM THE US FOR  
THIS PLANT CAN BE LICENSED PURSUANT TO EXPORT CONTROL ACT.

4. EMBASSY MAY AT ITS DISCRETION PASS SUBSTANCE ABOVE TO ITALIANS  
KATZENBACH

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INFO EUR 25, EA 19, SS 35, SP 02, L 03, H 02, INR 07, P 04, CIA 04, DO 01,  
NSAE 00, RSC 01, USIA 12, NSC 10, COM 08, TRSY 08, XMB 06, FRB 12,  
STR 08, /176 R

DRAFTED BY VE/DMA/IP/JBAMSTUTZ  
APPROVED BY E/MR SOLOMON  
EXEWT/MR WRIGHT  
H/MR SCHNEE  
EUR/MR STOESSEL  
COMMERCE/MR FEER  
EXIMBANK/MR MIDDLETON

P R 220201Z SEP 67  
FM SECSTATE WASHDC  
TO AMEMBASSY MOSCOW PRIORITY 0032  
INFO AMEMBASSY ROME 0034  
AMCONSUL TURIN 0002

C O N F I D E N T I A L STATE 41928

REF: MOSCOW 1126

SUBJECT: FIAT-SOVIET AUTO PLANT

1. ON SEPTEMBER 12 AND 13, HOUSE BANKING AND CURRENCY COMMITTEE  
HELD NEW SERIES OF HEARINGS ON EXIMBANK BILL. IN TESTIMONY  
BEFORE COMMITTEE, SECRETARY TROWBRIDGE AND EXIMBANK PRESIDENT  
LINDER OPPOSED MUNDT AMENDMENT. COMMITTEE IS NOT EXPECTED  
TO TAKE FURTHER ACTION FOR ANOTHER WEEK AT LEAST AND DATE  
FOR HOUSE FLOOR ACTION NOT SET. WHILE CONSIDERABLE DIFFERENCE

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